many of them belong to the intelligent criminal class. But it would do what is also in point, that is tend to decrease the sum of ignorance, so potent in producing the envy, suspicion, malignant passion, and hatred of order, out of which anarchistic sentiment inevitably springs. Finally, all persons should be excluded who are below a certain standard of economic fitness to enter our industrial field as competitors with American labor. There should be proper proof of personal capacity to earn an American living and enough money to insure a decent start under American conditions. This would stop the influx of cheap labor, and the resulting competition which gives rise to so much of bitterness in American industrial life; and it would dry up the springs of the pestilential social conditions in our great cities, where anarchistic organzations have their greatest possibility of growth.

Both the educational and economic tests in a wise immigration law should be designed to protect and elevate the general body politic and social. A very close supervision should be exercised over the steamship companies which mainly bring over the immigrants, and they should be held to a strict accountability for any infraction of the law.

Reciprocity Advocated

There is general acquiescence in our present tariff system as a national policy. The first requisite to our prosperity is the continuity and stability of this economic policy. Nothing could be more unwise than to disturb the business interests of the country by any general tariff change at this time. Doubt, apprehension, uncertainty are exactly what we most wish to avoid in the interest of our commercial and material well-being. Our experience in the past has shown that sweeping revisions of the tariff are apt to produce conditions closely approaching panic in the business world. Yet it is not only possible, but eminently desirable, to combine with the stability of our economic system a supplementary system of reciprocial benefit and obligation with other nations. Such reciprocity is an incident and result of the firm establishment and preservation of our present economic policy. It was specially provided for in the present tariff law.

Reciprocity must be treated as the handmaiden of protection. Our first duty is to see that the protection granted by the tariff in every case where it is needed is maintained, and that reciprocity be sought for so far as it can safely be done without injury to our home industries. Just how far this is must be determined according to the individual case, remembering always that every application of our tariff policy to meet our shifting national needs must be conditional upon the cardinal fact that the duties must never be reduced below the point that will cover the difference between the labor cost here and abroad. The well-being of the wage-worker is a prime consideration of our entire policy of economic legislation.

Subject to this proviso of the proper protection necessary to our industrial well-being at home, the principle of reciprocity must command our hearty support. The phenomenal growth of our export trade emphasizes the urgency of the need for wider markets and for a liberal policy in dealing with foreign nations. Whatever is merely petty and vexatious in the way of trade restrictions should be avoided. The customers to whom we dispose of our surplus products in the long run, directly or indirectly, purchase those surplus products by giving us something in return. Their ability to purchase our products should as far as possible be secured by so arranging our tariff as to enable us to take from them those products which we can use without harm to our own industries and labor, or the use of which will be of marked benefit to us.

It is most important that we should maintain the high level of our present prosperity. We have now reached the point in the development of our interests where we are not only able to supply our own markets but to produce a constantly growing surplus for which we must find markets abroad. To secure these markets we can utilize existing duties in any case where they are no longer needed for the purpose of protection, or in any case where the article is not produced here and the duty is no longer necessary for revenue, as giving us something to offer in exchange for what we ask. The cordial relations with other nations which are so desirable will naturally be promoted by the course thus required by our own interests.

The natural line of development for a policy of reciprocity will be in connection with those of our productions which no longer require all of the support once needed to establish them upon a sound basis, and with those others where either because of natural or of economic causes we are beyond the reach of successful competition.

I ask the attention of the senate to the reciprocity treaties laid before it by my predecessor.

Our Merchant Marine

The condition of the American merchant marine is such as to call for immediate remedial action by the congress. It is discreditable to us as a nation that our merchant marine should be utterly insignificant in comparison to that of other nations which we overtop in other forms of business. We should not longer submit to conditions under which only a trifling portion of our great commerce is carried in our own ships. To remedy this state of things would not merely serve to build up our shipping interests, but it would also result in benefit to all who are interested in the permanent establishment of a wider market for American products, and would provide an auxiliary force for the navy. Ships work for their own countries just as railroads work for their terminal points. Shipping lines, if established to the principal countries with which we have dealings, would be of political as well as commercial benefit. From every standpoint it is unwise for the United States to continue to rely upon the ships of competing nations for the distribution of our goods. It should be made advantageous to carry American goods in American-built ships.

At present American shipping is under certain great disadvantages when put in competition with the shipping of foreign countries. Many of the fast foreign steamships, at a speed of fourteen knots or above, are subsidized; and all our ships, sailing vessels and steamers alike, cargo carriers of slow speed and mail carriers of high speed, have to meet the fact that the original cost of building American ships is greater than is the case abroad; that the wages paid American officers and seamen are very much higher than those paid the officers and seamen of foreign competing countries; and that the standard of living on our ships is far superior to the standard of living on the ships of our commercial rivals.

Our government should take such action as will remedy these inequalities. The American merchant marine should be restored to the ocean.

The Gold Standard

The act of March 14, 1900, intended unequivocally to establish gold as the standard money and to maintain at a parity therewith all forms of money medium in use with us, has been shown to be timely and judicious. The price of our government bonds in the world's market, when compared with the price of similar obligations issued by other nations, is a flattering tribute to our public credit. This condition it is evidently desirable to maintain.

In many respects the national banking law furnishes sufficient liberty for the proper exercise of the banking function; but there seems to be need of better safeguards against the de influence of commercial crises and financial panics. Moreover, the currency of the country should be made responsive to the demands of our domestic trade and commerce.

Surplus Revenue and Economy

The collections from duties on imports and internal taxes continue to exceed the ordinary expenditures of the government, thanks mainly to the reduced army expenditures. The utmost care should be taken not to reduce the revenues so that there will be any possibility of a deficit; but, after providing against any such contingency, means should be adopted which will bring the revenues more nearly within the limit of our actual needs. In his report to the congress the secretary of the treasury considers all these questions at length, and I ask your attention to the report and recommendations.

I call special attention to the need of strict economy in expenditures. The fact that our national needs forbid us to be niggardly in providing whatever is actually necessary to our well-being, should make us doubtly careful to husband our national resources, as each of us husbands his private resources by scrupulous avoidance of anything like wasteful or reckless expenditure. Only by avoidance of spending money on what is needless or unjustifiable can we legitimately keep our income to the point required to meet our needs that are genuine.

Inter-State Commerce Law

In 1887 a measure was enacted for the regulation of interstate railways, commonly known as the Interstate Commerce Act. The cardinal provisions of that act were that railway rates should be just and reasonable and that all shippers, localities, and commodities should be accorded equal treatment. A commission was created and endowed with what were supposed to be the necessary powers to execute the provisions of this act.

That law was largely an experiment. Experience has shown the wisdom of is purpose, but has also shown, possibly that some of its requirements are wrong, certainly that the means devised for the enforcement of its provisions are defective. Those who complain of the management of the railways allege that established rates are not maintained; that rebates and similar devices are habitually resorted to; that these preferences are usually in favor of the large shipper; that they drive out of business the smaller competitor; that while many rates are too low, many others are excessive; and, that gross preferences are made, affecting both localities and commodities. Upon the other hand, the railways assert that the law by its very terms tends to produce many of these illegal practices by depriving carriers of that right of concerted action which they claim is necessary to establish and maintain non-discriminating rates.

The act should be amended. The railway is a public servant. Its rates should be just to and open to all shippers alike. The government should see to it that within its jurisdiction this is so and should provide a speedy, inexpensive, and effective remedy to that end. At the same time it must not be forgotten that our railways are the arteries through which the commercial lifeblood of this nation flows. Nothing could be more foolish than the enactment of legislation which would unnecessarily interfere with the development and operation of these commercial agencies. The subject is one of great importance and calls for the earnest attention of the congress.

Agriculture

The department of agriculture during the past fifteen years has steadily broadened its work on economic lines, and has accomplished results of real value in upbuilding domestic and foreign trade. It has gone into new fields until it is now in touch with all sections of our country and with two of the island groups that have lately come under our jurisdiction, whose people must look to agriculture as a livelihood. It is searching the world for grains, grasses, fruits, and vegetables specially fitted for introduction into localities in the several states and territories where they may add materially to our resources. By scientific attention to soil survey and possible new crops, to breeding of new varieties of plants, to experimental shipments, to animal industry and applied chemistry, very practical aid has been given our farming and stock-growing interests. The products of the farm have taken an unprecedented place in our export trade during the year that has just closed.

Forest Protection

Public opinion throughout the United States has moved steadily toward a just appreciation of the value of forests, whether planted or of natural growth. The great part played by them in the creation and maintenance of the national wealth is now more fully realized than ever before.

Wise forest protection does not mean the withdrawal of forest resources, whether of wood, water, or grass, from contributing their full share to the welfare of the people, but, on the contrary, gives the assurance of larger and more certain supplies. The fundamental idea of forestry is the perpetuation of forests by use. Forest protection is not an end of itself; it is a means to increase and sustain the resources of our country and the industries which depend upon them. The preservation of our forests is an imperative business necessity. We have come to see clearly that whatever destroys the forests, except to make way for agriculture, threatenss our well-being.

The practical usefulness of the national forest reserves to the mining, grazing, irrigation, and other interests of the regions in which the reserves lie has led to wide-spread demand by the people of the west for their protection and extension. The forest reserves will inevitably be of still greater use in the future than in the past. Additions should be made to them whenever practicable, and their usefulness should be increased by a thoroughly business-like management.

At present the protection of the forest reserves rests with the general land office, the mapping and description of their timber with the United States geological survey, and the preparation of plans for their conservative use with the bureau of forestry, which is also charged with the general advancement of practical forestry in the United States. These various functions should be united in the bureau of forestry, to which they properly belong. The present diffusion of responsibility is bad from every standpoint. It prevents that effective co-operation between the government and the men who utilize the resources of the reserves, without which the interests of both must suffer. The scientific bureaus generally should be under the department of agriculture. The president should have by law the power of transferring lands for use as forest reserves to the department of agriculture. He already has such power in the case of lands needed by the departments of war and the navy.

The wise administration of the forest reserves will be not less helpful to the interests which depend on water than to those which depend on wood and grass. The water supply itself depends upon the forest. In the arid region it is water, not land, which measures production. The western half of the United States would sustain a population greater than that of our whole country today if the waters that now run to waste were saved and used for irrigation. The forest and water problems are perhaps the most vital internal questions of the United States.

Certain of the forest reserves should also be made preserves for the wild forest creatures. All of the reserves should be better protected from fires. Many of them need special protection because of the great injury done by live stock, above all by sheep. The increase in deer, elk, and other animals in the Yellowstone park shows what may be expected when other mountain forests are properly protected by law and properly guarded. Some of these areas have been so denuded of surface vegetation by overgrazing that the ground breeding birds, including grouse and quail, and many mammals, including deer, have been exterminated or driven away. At the same time the water-storing capacity of the surface has been decreased or destroyed, thus promoting floods in time of rain and diminishing the flow of streams between rains.

In cases where natural conditions have been restored for a few years, vegetation has again carpeted the ground, birds and deer are coming back, and hundreds of persons, especially from the immediate neighborhood, come each summer to enjoy the privilege of camping. Some at least of the forest reserves should afford perpetual protection to the native fauna and flora, safe havens of refuge to our rapidly diminishing wild animals of the larger kinds, and free camping grounds for the ever increasing numbers of men and women who have learned to find rest, health, and recreation in the splendid forests and flower-clad meadows of our mountains. The forest reserves should be set apart forever for the use and benefit of our people as a whole and not sacrificed to the shortsighted greed of a few.

The forests are natural reservoirs. By restraining the streams in flood and replenishing them in drought they make possible the use of waters otherwise wasted. They prevent the soil from washing, and so protect the storage reservoirs from filling up with silt. Forest conservation is therefore an essential condition of water conservation.

Government Aid for Irrigation of Arid Lands

The forest alone cannot, however, fully regulate and conserve the waters of the arid region. Great storage works are necessary to equalize the flow of streams and to save the flood waters. Their construction has been conclusively shown to be an undertaking too vast for private effort. Nor can it be best accomplished by the individual states acting alone. Far-reaching interstate problems are involved; and the resources of single states would often be inadequate. It is properly a national function, at least in some of its features. It is as right for the national government to make the streams and rivers of the arid region useful by engineering works for water storage as to make useful the rivers and harbors of the humid region by engineering works of another kind. The storing of the floods in reservoirs at the headwaters of our rivers is but an enlargement of our present policy of river control, under which levees are built on the lower reaches of the same steams.

The government should construct and maintain these reservoirs as it does other public works. Where their purposes is to regulate the flow of streams, the water should be turned freely into the channels in the dry season to take the same course under the same laws as the natural flow.

The reclamation of the unsettled arid public lands presents a different problem. Here it is not enough to regulate the flow of streams. The object of the government is to dispose of the land to settlers who will build homes upon it. To accomplish this object water must be brought within their reach.

The pioneer settlers on the arid public domain chose their homes along streams from which they could themselves divert the water to reclaim their holdings. Such opportunities are practically gone. There remain, however, vast areas of public land which can be made available for homestead settlement, but only by reservoirs and mainline canals impracticable for private enterprise. These irrigation works should be built by the national government. The lands reclaimed by them should be reserved by the government for actual settlers, and the cost of construction should so far as possible be repaid by the land reclaimed. The distribution of the water, the division of the streams among irrigators, should be left to the settlers themselves in conformity with state laws and without interference with those laws or with vested rights. The policy of the national government should be to aid irrigation in the several states and territories in such manner as will enable the people in the local communities to help themselves, and as will stimulate needed reforms in the state laws and regulations governing irrigation.

The reclamation and settlement of the arid lands will enrich every portion of our country, just as the settlement of the Ohio and Mississippi valleys brought prosperity to the Atlantic states. The increased demand for manufactured articles will stimulate industrial production, while wider home markets and the trade of Asia will consume the larger food supplies and effectually prevent western competition with eastern agriculture. Indeed, the products of irrigation will be consumed chiefly in upbuilding local centres of mining and other industries, which would otherwise not come into existence at all. Our people as a whole will profit, for successful home-making is but another name for the upbuilding of the nation.

The necessary foundation has already been laid for the inauguration of the policy just described. It would be unwise to begin by doing too much, for a great deal will doubtless be learned, both as to what can and what cannot be safely attempted, by the early efforts which must of necessity be partly experimental in character. At the very beginning the government should make clear, beyond a shadow of doubt, its intention to pursue this policy on lines of the broadest public interest. No reservoir of canal should ever be built to satisfy selfish personal or local interests; but only in accordance with the advice of trained experts, after long investigation has shown the locality where all the conditions combine to make the work most needed and fraught with the greatest usefulness to the community as a whole. There should be no extravagance, and the believers in the need of irrigation will most benefit their cause by seeing to it that it is free from the least taint of excessive or reckless expenditure of the public moneys.

Whatever the nation does for the extension of irrigation should harmonize with, and tend to improve, the condition of those now living on irrigated land. We are not at the starting point of this development. Over two hundred millions of private capital has already been expended in the construction of irrigation works, and many million acres of arid land reclaimed. A high degree of enterprise and ability has been shown in the work itself; but as much cannot be said in reference to the laws relating thereto. The security and value of the homes created depend largely on the stability of titles to water; but the majority of these rest on the uncertain foundation of court decisions rendered in ordinary suits at law. With a few creditable exceptions, the aired states have failed to provide for the certain and just provision of streams in times of scarcity. Lax and uncertain laws have made it impossible to establish rights to water in excess of actual uses or necessities, and many streams have already passed into private ownership, or a control equivalent to ownership.

Whoever controls a stream practically controls the land it renders productive, and the doctrine of private ownership of water apart from land cannot prevail without enduring wrong. The recognition of such ownership, which has been permitted to grow up in the aired regions, should give way to a more enlightened and larger recognition of the rights of the public in the control and disposal of the public water supplies. Laws founded upon conditions obtaining in humid regions, where water is too abundant to justify hoarding it, have no proper application in a dry country.

In the aired states the only right to water which should be recognized is that of use. In irrigation this right should attach to the land reclaimed and be inseparable therefrom. Granting perpetual water rights to others than users, without compensation to the public, is open to all the objections which apply to giving away perpetual franchises to the public utilities of cities. A few of the western states have already recognized this, and have incorporated in their constitutions the doctrine of perpetual state ownership of water.

The benefits which have followed the unaided development of the past justify the nation's aid and co-operation in the more difficult and important work yet to be accomplished. Laws so vitally affecting homes as those which control the water supply will only be effective when they have the sanction of the irrigators; reforms can only be final and satisfactory when they come through the enlightenment of the people most concerned. The larger development which national aid insures should, however, awaken in every aird state the determination to make its irrigation system equal in justice and effectiveness that of any country in the civilized world. Nothing could be more unwise than for isolated communities to continue to learn everything experimentally, instead of profiting by what is already known elsewhere. We are dealing with a new and momentous question, in the pregnant years while institutions are forming, and what we do will affect not only the present but future generations.

Our aim should be not simply to reclaim the largest area of land and provide homes for the largest number of people, but to create for this new industry the best possible social and industrial conditions; and this requires that we not only understand the existing situation, but avail ourselves of the best experience of the time in the solution of its problem. A careful study should be made, both by the nation and the states, of the irrigation laws and conditions here and abroad. Ultimately it will probably be necessary for the nation to co-operate with the several arid states in proportion as these states by their legislation and administration show themselves fit to receive it.

Philippines and Porto Rico

In Hawaii our aim must be to develop the territory on the traditional American lines. We do not wish a region of large estates tilled by cheap labor; we wish a healthy American community of men who themselves till the farms they own. All our legislation for the islands should be shaped with this end in view; the well-being of the average home-maker must afford the true test of the healthy development of the islands. The land policy should as nearly as possible be modeled on our homestead system.

It is a pleasure to say that it is hardly more necessary to report as to Porto Rico than as to any state or territory within our continental limits. The island is thriving as never before, and it is being administered efficiently and honestly. Its people are now enjoying liberty and order under the protection of the United States, and upon this fact we congratulate them and ourselves. Their material welfare must be as carefully and jealously considered as the welfare of any other portion of our country. We have given them the great gift of free access for their products to the markets of the United States. I ask the attention of the congress to the need of legislation concerning the public lands of Porto Rico.

In Cuba's Interest

In Cuba such progress has been made toward putting the independent government of the island upon a firm footing that before the present session of the congress closes this will be an accomplished fact. Cuba will then start as her own mistress; and to the beautiful Queen of the Antilles, as she unfolds this new page of her destiny, we extend our heartiest greetings and good wishes. Elsewhere I have discussed the question of reciprocity. In the case of Cuba, however, there are weighty reasons of morality and of national interest why the policy should be held to have a peculiar application, and I most earnestly ask your attention to the wisdom, indeed to the vital need, of providing for a substantial reduction in the tariff duties on Cuba imports into the United States. Cuba has in her constitution affirmed what we desired, that she should stand, in international matters, in closer and more friendly relations with us than with any other power; and we are bound by every consideration of honor and expediency to pass commercial measures in the interest of her material well-being.

Our Relations to the Filipinos

In the Philippines our problem is larger. They are very rich tropical islands, inhabited by many varying tribes, representing widely different stages of progress toward civilization. Our earnest effort is to help these people upward along the stony and difficult path that leads to self-government. We hope to make our administration of the islands honorable to our nation by making it of the highest benefit to the Filipinos themselves; and as an earnest of what we intend to do, we point to what we have done. Already a great measure of material prosperity and of governmental honesty and efficiency has been attained in the Philippines than ever before in their history.

It is no light task for a nation to achieve the temperamental qualities without which the institutions of free government are but an empty mockery. Our people are now successfully governing themselves, because for more than a thousand years they have been slowly fitting themselves, sometimes consciously, sometimes unconsciously, toward this end. What has taken us thirty generations to achieve, we cannot expect to see another race accomplish out of hand, especially when large portions of that race start very far behind the point which our ancestors had reached even thirty generations ago. In dealing with the Philippine people we must show both patience and strength, forbearance and steadfast resolution. Our aim is high. We do not desire to do for the islanders merely what has elsewhere been done for tropic peoples by even the best foreign governments. We hope to do for them what has never before been done for any people of the tropics—to make them fit for self-government after the fashion of the really free nations.

History may safely be challenged to show a single instance in which a masterful race, such as ours, having been forced by the exigencies of war to take possession of an alien land, has behaved to its inhabitants with the disinterested zeal for their progress that our people have shown in the Philippines. To leave the islands at this time would mean that they would fall into a welter of murderous anarchy. Such desertion of duty on our part would be a crime against humanity. The character of Governor Taft and of his associates and subordinates is a proof, if such be needed, of the sincerity of our effort to give the islanders a constantly increasing measure of self-government, exactly as fast as they show themselves fit to exercise it. Since the civil government was established not an appointment has been made in the islands with any reference to considerations of political influence, or to aught else save the fitness of the man and the needs of the service.

In our anxiety for the welfare and progress of the Philippines, it may be that here and there we have gone too rapidly in giving them local self-government. It is on this side that our error, if any, has been committed. No competent observer, sincerely desirous of finding out the facts and influenced only by a desire for the welfare of the natives, can assert that we have not gone far enough. We have gone to the very verge of safety in hastening the process. To have taken a single step farther or faster in advance would have been folly and weakness, and might well have been crime. We are extremely anxious that the natives shall show the power of governing themselves. We are anxious, first for their sakes, and next, because it relieves us of a great burden. There need not be the slightest fear of our not continuing to give them all the liberty for which they are fit.

The only fear is lest in our overanxiety we give them a degree of independence for which they are unfit, thereby inviting reaction and disaster. As fast as there is any reasonable hope that in a given district the people can govern themselves, self-government has been given in that district. There is not a locality fitted for self-government which has not received it. But it may well be that in certain cases it will have to be withdrawn because the inhabitants show themselves unfit to exercise it; such instances have already occurred. In other words, there is not the slightest chance of our failing to show a sufficiently humanitarian spirit. The danger comes in the opposite direction.

There are still troubles ahead in the islands. The insurrection has become an affair of local banditti and marauders, who deserve no higher regard than the brigands of portions of the Old World. Encauragement, direct or indirect, of these insurrectos stands on the same footing as encouragement to hostile Indians in the days when we still had Indian wars. Exactly as our aim is to give to the Indian who remains peaceful the fullest and amplest consideration, but to have it understood that we will show no weakness if he goes on the warpath, so we must make it evident, unless we are false to our own traditions and to the demands of civilization and humanity, that while we will do everything in our power for the Filipino who is peaceful, we will take the sternest measures with the Filipino who follows the path of the insurrecto and the ladrone.

The heartiest praise is due to large numbers of the natives of the islands for their steadfast loyalty. The Macabebes have been conspicuous for their courage and devotion to the flag. I recommend that the secretary of war be empowered to take some systematic action in the way of aiding those of these men who are crippled in the service and the families of those who are killed.

The time has come when there should be additional legislation for the Philippines. Nothing better can be done for the islands than to introduce industrial enterprise. Nothing would benefit them so much as throwing them open to industrial development. The connection between idleness and mischief is proverbial, and the opportunity to do remunerative work is one of the surest preventives of war. Of course no business man will go into the Philippines unless it is to his interest to do so; and it is immensely to the interest of the islands that he should go in. It is therefore necessary that the congress should pass laws by which the resources of the islands can be developed; so that franchise (for limited terms of years) can be granted to companies doing business in them, and every encouragement be given to the incoming of business men of every kind.

Not to permit this is to do a wrong to the Philippines. The franchise must be granted and the business permitted only under regulations which will guarantee the islands against any kind of improper exploitation. But the vast natural wealth of the islands must be developed, and the capital willing to develop it must be given the opportunity. The field must be thrown open to individual enterprise, which has been the real factor in the development of every region over which our flag has flown. It is urgently necessary to enact suitable laws dealing with general transportation, mining, banking, currency, homesteads, and the use and the ownership of the lands and timber. These laws will give free play to industrial enterprise; and the commercial development which will surely follow will afford to the people of the islands the best proofs of the sincerity of our desire to aid them.

Need of Pacific Cable

I call your attention earnestly to the crying need of a cable to Hawaii and the Philippines, to be continued from the Philippines to points in Asia. We should not defer a day longer than necessary the construction of such a cable. It is demanded not merely for commercial but for political and military considerations.

Either the congress should immediately provide for the construction of a government cable, or else an arrangement should be made by which like ad-